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SUBJECT: VERACRUZ SUGAR CANE PRODUCERS AND LABOR LEADERS  
BLAME NAFTA AGRICULTURAL POLICIES AND A FAILURE TO REFORM  
US IMMIGRATION LAWS FOR MEXICO,S ECONOMIC PROBLEMS

1. SUMMARY: During a recent visit to the eastern coastal state of Veracruz Mission Mexico,s Labor Counselor met with a variety of labor leaders, sugar cane producers as well as some state and local government officials. The meetings with government officials were fairly routine courtesy calls with no significant exchange of information or views. In sharp contrast, the sugar cane producers and labor leaders welcomed the opportunity to speak with a USG official and talked freely and at length about their perceptions of some of the economic problems affecting Mexico. According to the cane producers many (but certainly not all) of the problems of Mexico,s sugar industry are the fault of &NAFTA related US agricultural policies8 and &massive8 USG subsidies. The main theme in Labor Counselor,s meetings with Veracruz labor leaders (over 30 in one meeting), was the argument that Mexican labor was essential to the American economy and that the US should recognize that fact and quickly adopt a more open immigration policy. End Summary.

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A VISIT TO VERACRUZ  
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2. do you want to say the date (sometimes embassies take months to report such visits, so they say &recently8) On April 21-24, Mission Mexico,s Labor Counselor recently made a three day visit to the eastern coastal state of Veracruz for meetings with labor leaders, government officials and the business community. Over the course of the visit Labor Counselor had a very public meeting with the mayor of the port city of Veracruz, Veracruz, Jon Rementeria Sempe, and fairly private courtesy call (at his request) with the state,s Governor, Fidel Herrera Beltran. Both of these meetings were basically courtesy calls. However, Mayor Rementeria arrived with what seemed a good portion of the city,s press corps and used the occasion to point out the many steps he said his administration was taking to make Veracruz a welcoming place for US and other foreign investors. Neither the meetings with Mayor Rementeria nor with Governor Herrera provided an opportunity to discuss anything other than routine pleasantries. To the extent that labor issues were discussed at all, both officials expressed their respect for organized labor and good relations their respective administrations had with unions in the state.

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13. The meetings with Veracruz government official differed markedly from an extended discussion Labor Counselor had with several prominent Veracruz sugar cane producers (and subsequently with various labor leaders). The producers were all affiliated with both the National Union of Cane Growers (UNC), which is more of trade association than an actual union, and with the Veracruz branch of the National Peasants Confederation (CNC). The CNC is a national organization of small to medium farmers and agro-industry workers dedicated to promoting the interests of these segments of Mexico's agricultural industry. The CNC is formally a part of the PRI (Institutional Revolutionary Party), Mexico's former ruling political party, and nationally its activities are often evenly divided between the promoting the political interests of the party and working to improve conditions for small farmers and farm workers.

14. The cane producers who met with Labor Counselor were convinced that one of the main sources of problems for the Mexican sugar industry was its inability to compete because of the massive amounts of subsidies received by sugar producers in the United States. The Veracruz cane producers laid a big part of the blame for these subsidies on USG NAFTA-related agricultural policies. The cane producers in the meeting did not/not say that USG subsidies to the American sugar industry were the only cause of their problems. However, they unequivocally stated their view that subsidies significantly contributed to difficulties preventing the Mexican sugar industry from being more competitive and consequently from generating more jobs.

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15. According to the Veracruz cane producers, US cane producers and the US sugar industry receive subsidies for water, power, fertilizer, etc. The Veracruz producers believed that it was unfair of the USG to provide these types of subsidies to the various elements of the American sugar industry knowing full well that the GOM could not provide similar support to Mexico's sugar industry. The cane producers seemed genuinely unaware that while the USG does set control on the amount of sugar produced in the US, it does not provide any direct subsidies to the US sugar industry. They also seemed unaware, or at least failed to mention at any time during the meeting, that under NAFTA there are no restrictions whatsoever placed on Mexican sugar entering the United States.

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MEETINGS WITH VERACRUZ LABOR LEADERS  
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16. Over the course of the visit to Veracruz Labor Counselor held a series of meetings with local labors organized under the auspices of the state level leaders of the National Rail Road Workers Union and the Congress of Labor (CT). The largest of these events, and the one that received the most public media coverage, was a breakfast attended by representatives of over 30 different unions. The breakfast was hosted by the CT and was followed by an extensive question and answer period. The media was not allowed to attend the questions portion of the breakfast.

17. The CT is an umbrella organization that groups together Mexico's larger and more established labor federations and some independent unions. Although it some independent unions the overwhelming majority of its members are affiliated with the PRI as it the CT itself. In theory the CT is suppose to function as an organization where the various elements of Mexico's organized labor movement can agree on an agenda and present a united purpose to promote that agenda to both the GOM and the private section. In practice the effectiveness of the organization is often undercut by the differing

priorities of its members and the personal jealousies and struggles for political power among national leaders of the CT,s constituent unions. A history of power struggles notwithstanding, the unions at the CT breakfast presented a near unanimous front to Mission Mexico,s Labor Counselor in their desire to discuss a single topic: increased Mexican immigration to the US.

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FOR LABOR LEADERS MORE IMMIGRATION IS THE KEY  
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¶8. From the questions asked by the media in the meeting with Veracruz City Mayor Jon Rementeria and prior to the start of the CT breakfast, it was clear that the state of Veracruz has been significantly impacted by tightening border controls in the US and the stricter enforcement of US immigration laws. The reporters prefaced many of their questions with statements indicating that many citizens of Veracruz who had migrated to the US to escape high unemployment at home were now returning to Mexico. The reporters pointed out that the job situation in the state had not improved from the conditions which had compelled these migrants to seek employment opportunities in the US. Interestingly, at no point did any report attempt to ask the assembled labor leaders what they were doing to increase employment opportunities for Mexicans in their own country.

¶9. Once the reporters were politely excused and the breakfast over, the assembled Veracruz CT labor leaders expressed a strong desire for an informal discussion with Labor Counselor. At present Mexico,s organized labor movement is facing a daunting number of issues such as pending labor law reform, a low minimum wage, outsourcing, the growth of the informal economy, job loss due to contraband, child labor, improving worker skill level, inter union disputes, union corruption and competitiveness. Remarkably, not one of these topics came up for discussion. Almost the only topic any of the labor leaders wanted to discuss was immigration reform and the possibility of

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expended immigration opportunities for Mexican workers.

¶10. There was a general agreement among the assembled leaders that Mexican workers were an indispensable element underpinning the health of the US economy. The leaders could not understand why the US could not see or failed to understand what struck them as a simple and indisputable fact. All of the assembled leaders expressed deep concern about the lack of employment opportunities in Mexico but none of them seemed to make a connection between this problem and a resolution of some of the issues facing organized labor. For them, the surest way to solve the country,s unemployment problems was for the US to open its borders to unrestricted immigration from Mexico. The only questions raised that did not relate to the prospects or increased Mexican immigration to the US dealt with allegations were about the mistreatment of Mexican workers already in the US.

¶11. In responding to the Veracruz labor leaders, questions Labor Counselor drew heavily on standard Mission talking points on the subject of immigration reform. Labor Counselor also devoted a fair amount of time encouraging the labor leaders to advise migrants already in the US who allege mistreat or abuse of US labor laws to contact the nearest Mexican consulate. The labor leaders had clearly never thought to seek assistance from Mexican diplomatic or consular posts in the US and they were totally surprised to learn of the large number (40 ) of such offices operating in the United States. The session ended with what appeared to be genuine expressions of thanks from the Veracruz labor leaders for the opportunity to establish contact with a representative of Mission Mexico.

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COMMENT  
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¶12. Veracruz is one of the more developed states in Mexico, but this fact notwithstanding there appears to be widespread misunderstanding there about NAFTA, US immigration policies and even about what services Mexicans should expect from their own government. Labor Counselor,s visit to Veracruz provided excellent opportunities to establish new contacts in another part of Embassy Mexico,s consular district few chances to directly discuss labor related issues. That said, although the cane producers and the labor leaders with whom Labor Counselor met expressed the view that the US should do more to help address some of their problems they did any in way hostile toward the United States. Overall the people and government official in Veracruz seem to have a positive view of the US and it should fairly easy to engage them on a broad range of labor and other topics (unrelated to immigration) during future visits.

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